

The Monthly Magazine for Food and Agricultural Exporters

AgExporter

United States Department of Agriculture
Foreign Agricultural Service

November 2003



**The Ministerial Conference and Expo on
Agricultural Science and Technology**



Plan **NOW** to be part of the USA Marketplace Pavilion at

CANADIAN FOOD AND BEVERAGE SHOW

TORONTO, CANADA

Who Should Attend:

U.S. exporters of food, including catering products; beverages, wines and spirits for the hotel, restaurant and institutional trade should attend.

Why:

This is the largest food and beverage trade show in Canada, drawing over 700 exhibitors and 11,000 trade visitors. FAS will sponsor a USA Marketplace Pavilion at the show, including cooking demonstrations, and a business center in which U.S. exporters can host one-on-one meetings with prospective brokers and importers.

When:

Feb. 15-17, 2004

The Market:

Canada bought \$8.6 billion worth of U.S. farm products in calendar 2002. U.S. agricultural exports to Canada have shown an average annual growth rate of 5 percent in the last seven years. Consumer-oriented agricultural products accounted for 70 percent of total U.S. food and agricultural product sales to Canada in 2002, with fresh and processed fruits and vegetables, snack foods and red meat products as the category leaders.

U.S. products account for more than two-thirds of total Canadian agricultural imports. The magnitude of the Canadian market becomes apparent when looking at provinces alone: if Ontario, British Columbia and Alberta were countries, they would have ranked, respectively, as the 4th (\$4.8 billion), 11th (\$1.0 billion) and 20th (\$565 million) largest individual markets for U.S. agricultural exports in 2002.

Best Prospects:

Healthy, Nutritious

Organic foods
Soy foods
Portable foods to support a recreational lifestyle (bottled water, healthy snacks, energy bars, etc.)

Innovative, Specialty

Meal solutions
Foods-to-go
Home meal replacements
Sauces & salad dressings
Ethnic foods (kosher, Mexican, Asian, Middle Eastern, Indian, etc.)
Value-added seafood
Snacks

Produce

Exotic fruits & vegetables
Organic
Value-added (pre-cut salad mixes, etc.)

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Historic Ministerial Conference Aims To Raise Agricultural Productivity To Reduce Hunger

By Christian Foster, Patricia Wetmore
and Linda Habenstreit

USDA in concert with USAID (U.S. Agency for International Development) and the U.S. Department of State, held the first-ever Ministerial Conference and Expo on Agricultural Science and Technology in Sacramento, Calif., in June.

This historic conference was one of the largest gatherings ever assembled to

discuss the critical role science and technology can play in raising agricultural productivity in developing countries in an environmentally sustainable way. Agriculture Secretary Ann M. Veneman invited ministers of agriculture, science and technology and environment or their designees from virtually every country in the world to attend.

Foreign delegates from 117 developing countries, economies in transition and developed countries accepted the invitation to exchange information with one another and with representatives from the U.S. government, the private sector, academia, research institutes, foundations and

non-governmental and international organizations.

Secretary Announces Conference at World Food Summit

In 1996, representatives from more than 180 countries from around the world gathered in Rome for the World Food Summit. At that meeting, the international community set an ambitious goal of reducing global hunger by half by 2015. In June 2002 in Rome, at the World Food Summit: *Five Years Later*, these same countries concluded that the efforts to date fell far short of what was needed to achieve this goal.



Only one-third of countries had seen a reduction in the number of hungry. Other countries either showed no improvement or their situations had worsened. Some 800 million people, mostly in rural areas, still suffered from hunger and malnutrition. This situation is expected to worsen as the world's population increases.

To address this urgent problem, Secretary Veneman, who headed the U.S. delegation, proposed focusing on three priorities in partnership with other donors and developing countries:

- reducing hunger by increasing agricultural productivity,
- ending famine and
- improving nutrition.

As part of that effort, Secretary Veneman announced that she would host a ministerial conference on agricultural science and technology. She said, "Achieving needed gains in global agricultural productivity and better food distribution will require broader dissemination, adoption and acceptance of existing and new technologies. Technology is part of the solution to global food security. We want to encourage countries to work together to take advantage of the opportunities it presents."



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Over Three Days, Conference Accomplishes Much

The conference opened with a videotaped welcome by U.S. President George W. Bush and a keynote speech by Secretary Veneman. These remarks were followed by presentations by Dr. John Marburger, science adviser to the President and director of the White House Office of Science and Technology Policy, and Andrew S. Natsios, USAID administrator. Ministers from Uganda, the Philippines and the Republic of Georgia, and Mexico's under secretary of agribusiness development addressed the conferees as well. They discussed:

- challenges facing low-income African countries,
- need for acceptance and dissemination of new technologies to the poor,
- examples of public-private partnerships that have overcome technological challenges and



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- integrating producers from economies in transition into the global economy.

At a press conference following the opening plenary, the Philippine Secretary of Agriculture Luis Lorenzo, Jr., addressed reporters' questions about the European Union's moratorium on biotechnology products and its effect on developing countries' acceptance of biotechnology. Secretary Lorenzo said, "... If we felt we had to have [a] 100-percent risk-free

Ministerial Conference and Expo Facts

- **Countries represented**—117
- **Foreign delegates (including ministers, international organization representatives and some speakers)**—400
- **U.S. delegates (including U.S. government, private-sector and non-governmental organization representatives, academics and speakers)**—150
- **Other participants (Expo exhibitors, field tour hosts, U.S. and foreign media and USDA facilitators)**—375
- **Media outlets represented**—66, with 135 national and international print, radio and television reporters from Australia, China, Nigeria, Philippines, Switzerland, Ukraine, United Kingdom and the United States
- **Plenary sessions**—two, with nine opening speakers and five closing speakers
- **Breakout sessions**—18, with nearly 90 speakers and moderators
- **Luncheons**—two, with two keynote

speakers: Dr. Rita Colwell, director of the National Science Foundation, and Dr. Norman Borlaug, Nobel laureate and president, Sasakawa Africa Foundation

- **Expo**—nearly 60 private firms and public organizations exhibiting
- **Field tours**—12, with nearly 175 foreign delegates from more than 77 countries
- **Conference report**—"21st Century Agriculture: A Critical Role for Science and Technology" Printed copies can be ordered from the National Technical Information Service at 1-800-553-6847 or (703) 605-6000. Request order number PB-2003-105830. The cost is \$25.50. Electronic copies are available at: www.fas.usda.gov/icd/stconf/pubs/scitech2003/index.htm
- **Conference Web site**—www.fas.usda.gov/icd/stconf/conf_main.htm



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environment, we would not have had the last 200 years of tremendous advancements that have helped humanity.”

At the closing plenary, developing country ministers from Afghanistan, Mali and Panama discussed the positive influence the conference had on setting priorities for policymaking and research to strengthen technological development and dissemination.

In summarizing conference results, Secretary Veneman noted that several themes emerged, which fit into four broad categories:

- Make applied research and technology accessible to farmers.
- Revitalize local and national research capacities.
- Strengthen and promote public-private partnerships.
- Give special attention to water quality and availability.

In between plenary sessions, delegates had the opportunity to attend technical breakout sessions clustered around three areas:

- increasing access to technologies: options for policymakers;
- agricultural production, processing and marketing technologies; and

- overcoming the technology divide in developing countries: integrating policy and science.

Nearly 90 speakers in 18 sessions discussed a wide spectrum of technologies available to improve productivity on both small- and large-scale farms using conventional or emerging methods. Conferees also examined the relationship between regulatory practices and innovation, and the policy and institutional frameworks needed to facilitate technology transfer and indigenous research and development.

Luncheon speaker Dr. Rita Colwell,



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director of the National Science Foundation, stressed that international cooperation in emerging genomics research will play a central role in ending hunger and promoting sustainable agriculture. She suggested that “twinning” or partnering among research institutions in the developing and developed world could make scarce resources go further.

Dr. Norman Borlaug, Nobel laureate and president, Sasakawa Africa Foundation, posited that we must transition from the “Green Revolution” to the “Gene Revolution” to produce sufficient

supplies of food to sustain the world’s continuing population growth. Dr. Borlaug challenged ministers from developing countries to duplicate the strong but controversial roles that India and Pakistan played in accelerating the Green Revolution by having the courage to find new solutions, such as biotechnology, and to base their decisions on scientific evidence rather than rhetoric. Africa cannot afford to miss this second revolution, he said.

On the final day of the conference, nearly 175 foreign delegates (including about 40 ministers) from more than 77 countries participated in field tours to observe first-hand the agricultural technologies used by California producers. Tours featured facilities producing and processing dairy products; breeding and milling rice; researching, managing and producing wine grapes; analyzing fruits and vegetables; detecting and identifying animal diseases; and developing new vegetable varieties.

Several business contacts and potential technology transfer partnerships have already been formed between delegates and host representatives, one of which was



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the University of California at Davis. Ministers learned how accessible and affordable certain technologies are, such as drip irrigation for small-scale producers.

In addition, an agricultural technology expo with close to 60 private and public sector exhibits ran in conjunction with the conference. Exhibits highlighted technology that could help developing countries raise agricultural productivity in an environmentally sustainable way and facilitate technology transfer.

Delegates appeared to be most interested in technologies related to precision farming, irrigation, biotechnology, irradiation, satellite imaging, water purification and organics. One private sector exhibitor said his company had made more contacts with senior policymakers from developing countries in three days than had been made in the previous year.

A number of delegates and companies displaying at the expo began discussions that are expected to lead to new business deals. For example, at the close of the conference an Illinois-based water conservation company announced a partnership with Namibia to reduce evaporation from reservoirs in that country.



Conference Generates Enthusiasm, Action

Secretary Veneman summarized the event by saying, "The information presented here has been outstanding and will truly help ministers continue efforts to increase productivity in their agriculture sectors."

Conferees were similarly enthusiastic. One of the attendees said the conference was pertinent, informative, inspiring and "the most important workshop I've ever been to in my life." Another said, "The journey to California is the longest I have



made in my life, but it is also the most rewarding. What I have gained here is more than I gained in four years in the classroom."

As Secretary Veneman pointed out in a media briefing after the conference ended, "...The interaction of the delegates... may very well be one of the most important outcomes here." Delegates from developing countries were able to meet with one another, in many cases for the first time, and discuss what works, what does not and how they might expand their own ability to produce.



Immediate results from the conference included:

- Countries and international organizations have offered to host conferences on technologies, including biotechnology.
- Some participants told ministerial organizers that as a result of discussions and presentations, they have revised their opinions, and now hold more positive views of the possibilities of biotechnology as a tool to address hunger. Interest ranged from requests for more information or help with improving the evaluation of biotechnology products, to support for new laws paving the way for biotech crop commercialization, to field-testing biotech cassava in several African nations.

The tremendous level of energy and enthusiasm exhibited by delegates for science and technology to deliver solutions resulted in several priorities:

- Improve developing country understanding of the broad range of conventional and emerging agricultural technologies.
- Make applied research and technology accessible to farmers.



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- Strengthen market infrastructure.
- Support indigenous research in developing countries.
- Promote public-private partnerships.
- Recognize that water quality and water availability are special problems deserving special attention.
- Facilitate the benefits of technology through supportive policies and regulations.
- Emphasize the need to integrate programs that address the HIV/AIDS crisis.

Strategies for the Future

Officials at USDA, the Department of State and USAID have begun to develop a joint strategy for moving forward. Numerous developing country ministers who attended the conference have agreed

In Their Own Words

U.S. President George W. Bush—"By combining new technology and good policy, all the nations of the world can work together to increase living standards. Your participation in this conference shows that your countries share in this vision. I'm confident that many lives will be improved by the work you do here."

U.S. Agriculture Secretary Ann M. Veneman—"Technology alone is not a solution. It is merely a tool and without supportive policies and regulations its benefits will not be fully realized. Policies that promote free markets and good governance produce economic growth. An open trading system is also vital. It provides greater market access, attracts investment, stimulates growth and contributes to food security."

Dr. John Marburger, Science Advisor to the President and Director of the White House Office of Science and Technology Policy—"Getting what we know into the

hands of those who need the knowledge is as great a challenge as scientific discovery and innovation."

Andrew S. Natsios, Administrator of the U.S. Agency for International Development—"Expanding farmers' commercial opportunities is a critical element for ensuring adequate returns. We believe, in AID, we must always make sure that agricultural scientists work with agricultural economists. If you separate the two, the improvements we all seek in productivity will fail."

Wilberforce Ksamba Mugerwa, Minister of Agriculture, Animal Industry and Fisheries, Republic of Uganda—"Developing countries, including Uganda, cannot afford to be left behind in this technological advance. We need to embrace biotechnology and other sciences, not just for curiosity but for survival of our nation in a globalized and liberalized world. We need to increase productivity. [We] increase productivity through adopting such technologies, which can permit sustainable production."

Luis Lorenzo, Jr., Secretary of Agriculture, Philippines—"Today we stand at the gate not to, but of, the future ... never in the history of man has his stewardship of this planet been so close to delivering permanent solutions to its problems."

David Kirvalidze, Minister of Food and Agriculture, Republic of Georgia—"Overcoming these problems will not be easy, but great care is needed in order not to create a backlash of public opinion against technology transfer initiatives and to increase the awareness of the benefits of public-private partnerships...."

Roberto Newell Garcia, Under Secretary of Agribusiness Development, Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food, Mexico—"However, technological change is not solely limited to the hard technologies that are produced in university laboratories or in the R&D areas of multi-national corporations. Other softer technologies are perhaps making a bigger

to partner with USDA to keep the momentum going.

Recommendations and activities under study or already begun include:

- Hold in-depth briefings on conference outcomes. A briefing for Ambassadors from foreign embassies in Washington, DC, by year end.
- Sponsor special events to reinforce the themes and priorities of this conference at meetings of international and regional bodies. A Central American regional conference is now scheduled to take place in Costa Rica in the spring of 2004. A regional conference for Africa is planned for mid-2004.
- Reinforce priorities and follow-up activities with developing countries through U.S. embassies.
- Strengthen ties with international and

regional organizations to reexamine priorities, mobilize resources to raise agricultural productivity and assist with capacity building to promote technology transfer and development. ■

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difference.... The adoption of management technologies, marketing, new financial products might actually be much more strongly correlated with economic performance improvements than any other technology that we might point to.... It is soft technology that is gradually taking hold in our producers and changing their habits and behaviors and, with that, their performance in markets."

Dr. Rita Colwell, Director, National Science Foundation—"If we are serious about making hunger and famine a thing of the past, we must use every tool we can develop.... Plant genomics is a tool that holds fantastic potential to contribute to the well-being of humanity and to the planet we call home. This international conference is both a testament to the urgency of hunger and to the shared commitment to promote a new sustainable agriculture."

Dr. Norman Borlaug, Nobel Laureate and President, Sasakawa Africa Foundation—"When I was born 89 years ago, world popula-

tion was about 1.6 billion people. Today we're at 6.2 billion and we're adding 80 million more every year. That's the problem that all of us must address in order to produce not only enough food to help them to survive, but at the same time to improve their nutrition and standard of living in general.... The world has the technology, either available or well advanced in the research pipeline, to feed 10 billion people.... Extending the Green Revolution to the Gene Revolution will provide a better diet at lower prices to many more food-insecure people."

Yusuf Nuristani, Minister of Irrigation, Water Resources and Environment, Afghanistan—"This conference has been invaluable. We...will attempt to take back from here technologies, ideas and hopes."

Seydou Traore, Minister of Agriculture, Livestock and Fisheries, Mali—"The private sector and the public sector should seize the results of this conference—collaborate and innovate to assure peace to the world, which

is indispensable to development and to commerce."

Lynette Stanzola, Minister of Agriculture and Livestock Development, Panama—"It's necessary to design national and international information systems to facilitate the process of integrating information throughout our hemisphere and to overcome institutional differences."

U.S. Agriculture Secretary Ann M. Veneman—"While our stated goal is to reduce by half the 800 million hungry people around the world, even one hungry person is unacceptable. That one person is someone's child, or mother, or father. It is one person who is denied the sustenance they need to be a productive member of society. It is one person who is prevented from meeting their full potential. Behind our efforts here, there are a lot of statistics, but there is also a human face.... We must always remember that human face."

USDA's Export Sales Reporting Program Turns 30!

This year marks the 30th anniversary of the USDA Export Sales Reporting Program, which monitors U.S. agricultural exports on both a daily and weekly basis. Today's Export Sales Reporting staff has only five members, but together they have a total of 74 years of experience operating this monitoring program and publishing *U.S. Export Sales*.

The Export Sales Reporting Program provides a constant stream of up-to-date information on the quantity of 39 U.S. agricultural commodities sold abroad. A single statistic gives a good idea of the magnitude of its coverage: in fiscal 2002, the Export Sales Reporting Program monitored \$23.5 billion out of the total \$53.3 billion in U.S. agricultural exports.

The program serves as an early alert on the possible impact of foreign sales on U.S. supplies and prices. *U.S. Export Sales* is the only source that has current export sales data. The publication includes data from Friday through Thursday of the prior week. *U.S. Export Sales* is one of the top five sites visited on the FAS home page. The data is used, for example, to analyze the overall level of export demand; determine where markets exist; and assess the relative position of U.S. commodities in those markets.

Why the Program Was Instituted

"The FAS export sales reporting program has its roots in the unexpected purchase of large amounts of grain by the Soviet Union in 1972," explained Tim Rocke, the program manager. "The huge, unanticipated Soviet purchases of U.S.

wheat and corn that year produced a sizable run-up in U.S. food prices and depleted U.S. reserve stocks."

"In addition, there was concern that certain companies may have gained an unfair advantage in this situation because they had access to market-sensitive information that was unavailable to the public," said agricultural marketing specialist Carolyn Hendricks. "So that all parties involved in the production and export of U.S. grain had access to up-to-date export information, Congress mandated export sales reporting in 1973."

Before the program was established, it was difficult for the public to obtain information on exports until the products were actually shipped. The program guarantees that everyone has access to the same information at the same time. For example, in November 2001, *U.S. Export Sales* announced the first sales activity for Cuba since the program began in 1973. Today, U.S. exports to Cuba have grown substantially: Cuba is our 10th largest

market for rice, buying 118,600 metric tons in the previous marketing year.

How the Program Works

The program encompasses both daily and weekly reports. Weekly reports are required for certain designated commodities: feed grains, wheat, wheat products, rye, flaxseed, linseed oil, cotton, cottonseed, oilseed products, rice, cattle hides and skins and beef.

U.S. exporters are also required to report all "large daily sales" of certain commodities by 3:00 p.m. Eastern time on the business day after the sale is made. Large sales for all reportable commodities (except soybean oil) are defined as 100,000 metric tons or more of one commodity in one day to a single destination, or cumulative sales of 200,000 tons or more of one commodity during the weekly reporting period to a single destination. Large sales for soybean oil are 20,000 tons daily or 40,000 tons or more in one weekly reporting period.



USDA/FAS

THE PROGRAM SERVES AS AN EARLY ALERT ON THE POSSIBLE IMPACT OF SALES ABROAD ON U.S. SUPPLIES AND PRICES.

"The commodities covered by the Export Sales Reporting Program have been selected for monitoring through consultations between USDA and organizations that represent commodity producers and traders," said Vivian Ramey, agricultural marketing specialist. "The Secretary of Agriculture has the authority to add other commodities to the list of those we monitor."

U.S. exporters provide information on the quantity of their sales transactions, the type and class of commodity, the marketing year of shipment and the destination. They also report any changes in previously reported information, such as cancellations and changes in destinations.

About 370 exporters report on a weekly basis, with approximately 1,300 data entries each week. All data is confidential as required by law, and released only in aggregate form.

Checks and Balances

"We have several measures to ensure the accuracy of the information," noted

Accessing the Information

Daily: All daily sales reported to USDA by the 3:00 p.m. deadline are summarized and released to the public at 9:00 a.m. on the next business day.

Weekly: A weekly summary of export activity, "U.S. Export Sales," is published every Thursday at 8:30 a.m. The report is available electronically on the FAS home page at:

www.fas.usda.gov/export-sales/esrd1.html

It is also available in paper copy via annual subscription from the National Technical Information Service, at: Tel.: 1-800-363-2068

Summary and Commodity: Selected summary and commodity information is available

through a bulletin board fax. To receive it, set your fax machine for polling and dial the number for the information you wish to receive:

Summary	(202) 690-3275
Cotton	(202) 690-3273
Cattle hides and skins	(202) 690-3270

Historical: The Export Sales Reporting staff provides detailed historical data on CD-ROM. The home page also has weekly historical data for major selected commodities beginning with 1990 for weekly exports, accumulated exports, net sales and outstanding sales for the current and next marketing year.

Joyce Wallace, program assistant. "For example, we have a memorandum of understanding with USDA's Grain Inspection, Packers and Stockyards Administration to resolve discrepancies in export data." In April 2003, USDA alerted the Census Bureau of the U.S. Department of Commerce of discrepan-

cies in official U.S. trade data on soybean exports to China. As a result, U.S. soybean exports were adjusted upward by \$280 million.

Staff members also meet periodically with exporters to verify and to reinforce sound reporting practices. "As an additional check," said program assistant Jewell Musgrove, "exporters must submit quarterly contract information to confirm the reporting activity."

The success of this program can be attributed to the participants' cooperation in reporting on a weekly basis over the last 30 years. "Our staff appreciates the continued commitment of the exporters to making *U.S. Export Sales* a highly regarded and valuable report," Rocke added. ■

For further information on the program, contact the FAS Export Sales Reporting staff at: Tel.: (202) 720-9209; Fax: (202) 690-3275; E-mail: ers@fas.usda.gov



Italian Mills Spin a Good Yarn— of U.S. Pima

By Wanda Besozzi

Italy is one of Europe's largest, most developed and affluent countries, with per capita retail spending greater than France, Germany or the United Kingdom. Italy also imports more U.S. upland and Pima cotton than any other European nation (\$20.9 million in 2002).

This combination of strong export and retail markets presents great opportunities for U.S. cotton, as evidenced by the success of the Supima® brand and the COTTON USA promotion campaigns.

The Supima Association has three large Italian licensees—Legnano, Albini and Franzoni—who guarantee products made of 100 percent U.S. Pima cotton with the Supima® brand. Cotton Council International, the international division of the National Cotton Council of America has been promoting its COTTON USA licensing campaign among Italian spinners for years and, most recently, with Italian retailer UPIM.

Runways Drive Cotton Sales

The Italian fashion industry is renowned for its original, distinctive products that cater to the changing tastes of a vast clientele. It has been this enduring innovation and creativity, and a coveted reputation for quality, that has kept the Italian textile and clothing industries in vogue over the years.

Nevertheless, U.S. Pima exporters have seen recent economic trends trim sales in their fourth largest market. Italian mills processed 28,700 480-pound bales of mostly U.S. Pima cotton in marketing



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Mills Concentrated in Lombardy

Most cotton in Italy is spun or woven in Lombardy. This northern region claims more than half the spinning capacity for yarns and two-thirds of the country's cotton-weaving capability.

In calendar 2002, Uzbekistan supplied the most raw cotton to Italy. The largest suppliers of cotton yarn were Turkey, India and Syria, while the largest suppliers of cotton fabric were Russia, followed by Turkey, Belgium and Germany.

In 2002, Italian imports of raw cotton decreased by 3 percent, down to 270,000 metric tons (1.24 million bales). Overall Italian imports of cotton products (including yarns and fabrics) dropped 5.7 percent in value.

Italian exports of cotton yarn fell 8.6 percent in value in 2002 to \$345 million with Germany, Spain and France being principal customers. Fabric exports, mostly to Tunisia, Romania and Turkey, did increase 8.5 percent in value.

year August 2001/July 2002, down from 34,100 bales the year before.

The official production and trade statistics from the *Associazione Tessile Italiana* show that output has declined as well as imports and use: total cotton textile output for calendar 2002 dropped 3.9 percent from a year earlier, to \$10.7 billion.

By 2005, Italy's textile products will be facing added challenges as they become freely traded within the EU (European Union). The resulting increased competition among EU members will pressure an industry already beset with high production costs and foreign competition.

Current Challenges

All textile sectors in Italy have been affected by the geopolitical climate of 2003, but specific market trends are further contributing to falling textile output.

While the strength of the euro has raised prices outside the EU for made-in-Italy products, imports from countries with low-cost labor and limited environmental constraints have gained market



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share. Italy's ability to compete is also hindered by a lack of market access in some countries. Imitation products further jeopardize the Italian reputation for quality.

But the news is not all bad for the textile industry in Italy. Despite the slump in 2001/02, trade circles expect a minor recovery in the industry beginning in late 2003 and strengthening in 2004. With a favorable climate of low interest rates, reviving consumer confidence and accelerating world demand, mill managers will gain the impetus to engage in the product promotion, market competition and innovation needed to fuel the recovery.

Cotton Still King

Cotton fiber reigns as the most popular textile in Italy, even with novelty yarns of man-made fibers encroaching upon the province of the natural fiber.

And U.S. Pima continues to meet a significant portion of demand among Italy's "fine-count" spinners. The major criterion affecting U.S. Pima exports to Italy is its price relative to the Type 146 ELS cotton produced by Egypt and China. (Egypt appears to be supplanting its traditional Giza 86 long staple cotton with other ELS varieties.) However, the recent decline in the U.S. dollar should make U.S. Pima more competitive.

Pima, the Cotton of Choice

Pima is a generic name for ELS cotton grown in the United States, Australia, Peru and a few other locations. It accounts for just 3 percent of U.S. cotton production.

The designation of ELS cotton fiber is reserved for cotton fibers at least 1-3/8 inches in length. U.S. Pima cotton fibers, averaging 1-7/16 inches, are noted for their length and strength.

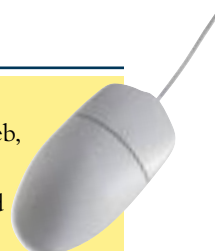
This extra long staple provides tensile strength up to 50 percent higher than other cotton varieties. With superior strength, Pima can be spun into finer yarns that yield a highly desirable appearance and softness and enable better color registration and added luster.

The Pima name, bestowed in 1910, honors the Arizona Pima Indians who grew plants in USDA's Pima breeding program.

Moreover, as sophisticated mills are always looking for top quality fibers for their diverse product lines, exporters should be prepared to extol the spinning characteristics of U.S. Pima that overcome price differentials. Past successes have provided the foundation that can enable this strong market to continue. ■

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For details, see FAS Report IT3016. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.



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A Glimmer of Market Change in Egypt?

By Ali Abdi and Manal El Masry

The Egyptian government has taken two steps recently toward market liberalization—allowing the Egyptian pound to float and centralizing the process of inspecting and certifying imported goods.

In the long term, the floating exchange rate is expected to enhance confidence in the Egyptian economy and make Egyptian exports more competitive.

In the short term, however, extreme fluctuations in the exchange rate have bumped up the price of imports and led to tightened foreign exchange availability that limits credit at banks. As a result, some Egyptian importers have decided to wait out the fluctuations and curtail foreign purchases.

Watch Local Politics, Sentiment

U.S. export sales to Egypt reflect the changing market and political conditions. In calendar 2002, U.S. agricultural exports to Egypt totaled \$860 million, down 16 percent from the year before, but still a 34-percent market share.

Seven EU (European Union) countries and the United States are dominant suppliers of consumer-ready products to Egypt. EU exports rose from \$595 million in 2001 to \$646 million in 2002, due partly to the fact that EU countries' proximity to Egypt gives them freight advantages over more distant competitors. Exports of U.S. consumer-oriented goods fell from \$50.5 to \$47 million over the period.

The U.S. decrease is attributed to local



attitudes regarding the current political situation in the Middle East and the devaluation of the Egyptian pound. Although U.S. products will continue to

face many challenges and intensifying competition, importers are hoping that demand for U.S. products will improve as the Egyptian pound stabilizes and political

tensions subside, and as Egypt's trend toward larger retail stores increases demand for convenience items.

Higher Incomes, More Convenience

Two market trends—the coming of the supermarket and hypermarket to urban areas and the expansion of fast-food chains—are changing the shopping habits and affecting the food preferences of Egypt's 68 million residents.

In the past, most Egyptian consumers bought meats and fresh fruits and vegetables from small neighborhood shops, and many still do. But urban Egyptian consumers are becoming aware of the quality and variety of consumer-oriented products, thanks to the large retail stores springing up in Cairo and Alexandria. Middle- and high-income consumers are finding the convenience, services and large food selections in these outlets to be irresistible.

Barriers Still Raise Bar for Entry

There are trade barriers in place that can bring product entry problems, such as abrupt rule changes, non-transparent regulations and stringent product labeling requirements.

Tariffs, too, can vary. Despite its World Trade Organization obligation to base tariffs on the declared value of imported products, Egypt frequently applies reference prices. Poultry and sugar import valuations are often set by arbitrary reference prices rather than declared value. Also, certain items, like poultry products and alcohol, can face extremely high tariffs.

Soon U.S. suppliers will face increased competition in Egypt from the EU as a trade partnership agreement signed in June 2001 takes effect. The agreement will substantially cut or eliminate tariffs on

Getting Ready for the Market

- Work with importers to ensure Egyptian import requirements are met.
- Visit Egypt when political environment improves to understand market and develop relationships with potential clients.
- Promote products through local agent or distributor—free samples, advertising, in-store displays and price discounts.
- Advertise in monthly magazines targeted to a specific audience.
- Participate in a promotional event organized or sponsored by the FAS office in Cairo.
- Accept small orders at first—share a shipment with other suppliers.

most agricultural products over the next 12 to 15 years.

Food Standards Strict

The Egyptian Organization for Standardization and Quality Control in the Ministry of Industry has sole responsibility for food standards and codes of practice and enforcement. It is stricter in enforcing product standards on imported foods than on locally produced goods.

The GOEIC (General Organization for Export and Import Control, Ministry of Foreign Trade) clears imports through customs. The GOEIC issues all release certificates in coordination with other government agencies.

Production and expiration dates are mandatory, as are Arabic labels (though these can be stickers). Packaging should contain the following information:

- Name of producer and trademark, if any
- Country of origin
- Type of product and grade

- Name and address of importer
- Production and expiration dates
- Product use instructions (optional)
- Product ingredients
- Storage instructions or recommended temperature
- Net weight
- Gross weight and total number of packages per case or carton
- Percent of preservative, if applicable
- If meat, "slaughtered according to the Islamic ritual" or "*halal* slaughtered"

Retail Food Sector Is Healthy

Local supermarket chains and multinational firms investing in Egypt are providing greater access and choices for consumers.

While three supermarket chains import directly, products usually enter the country via an importer or agent who may also be a wholesaler and/or distributor. While consumer-ready food sales are now concentrated in Cairo (with 16 million residents) and Alexandria (5 million), the next wave of expansion is expected to occur in the Red Sea region.

Dining Out Becoming Popular

It is not just time-pressed working women and dual-income families who have pumped up demand for dining out. The Egyptian government and the tourism industry are also doing their share of promoting Egypt as a top tourist destination, encouraging the expansion of hotels, resorts—and restaurants, of course—not only in Cairo and Alexandria, but along the Red Sea coast and Sinai peninsula.

With 30 franchises represented, U.S. food chains, ranging from fast-food to family-style formats, dominate the restaurant scene.



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Currently imports from Europe, New Zealand and Canada account for 91 percent of all hotel food purchases, compared to 9 percent from the United States. But sector growth will be providing many opportunities for new-to-market products and expansion of traditional best sellers.

In evaluating product acceptability, it is important to remember that hotel buyers are very price sensitive. Best sellers for

hotels include high-quality beef and beef liver, seafood, sauces, canned vegetables and fruits and Tex-Mex products. Beef imports are expected to increase dramatically if government import requirements are simplified and the 7-percent fat content limit is removed.

Food Processing Sector Booming

Most Egyptian food processors

U.S. Best Sellers

- Dressings, sauces and seasonings
- Spices
- Apples
- Nuts and dried fruits
- Tex-Mex items
- Cheeses
- Specialty flours
- Seafood (lobsters and soft crabs)
- Chocolate for confectionery items

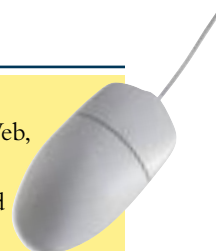
depend on local inputs rather than imports. Foods produced by Egyptian companies for domestic and export markets are mainly dairy items, confectionery products, fruits, vegetables and beverages.

Imports used in production include sugar, cocoa, beans, oils, fats, coconut milk, nuts, dried fruits, coffee, tea, inputs for soft drinks and alcoholic products such as beer, wines, brandy, rum and ouzo.

Other Arab countries, particularly the Persian Gulf states, are traditional export markets for Egypt's canned and frozen food products. EU countries and, to a lesser extent, the U.S. and Asian markets, are also potential customers for Egyptian processed food products. ■

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For details, see FAS Report EG3010. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.



U.S. Mackerel Exports on the Rise in Nigeria and Eastern Europe



By Joel Chetrick

Exports of mackerel from the United States increased sharply during the first six months of calendar 2003 to Nigeria, Bulgaria and Romania. Exports to Nigeria totaled 9,023 metric tons, and exports to Bulgaria and Romania totaled 3,715 tons and 2,846 tons, respectively.

Compared with the 2002 12-month exports, 2003 volumes increased by 80 percent to Nigeria, nearly 200 percent to

Bulgaria and 732 percent to Romania. Export values for the 2003 January-June period totaled \$5.5 million to Nigeria, \$2.6 million to Bulgaria and nearly \$2 million to Romania.

Reasons Behind the Rise

Industry members state that Atlantic mackerel from suppliers in the Northeast has become well known and accepted in these markets. With abundant local fishery stocks, Atlantic mackerel from the United States is price competitive relative to product from northern European suppliers (such as Norway, Scotland and Ireland), whose catches have been constrained by quotas.

Due to the large size of the Nigerian and East European markets, the trade believes there is room for further sales growth and market share gains for U.S. product.

Room for Expansion

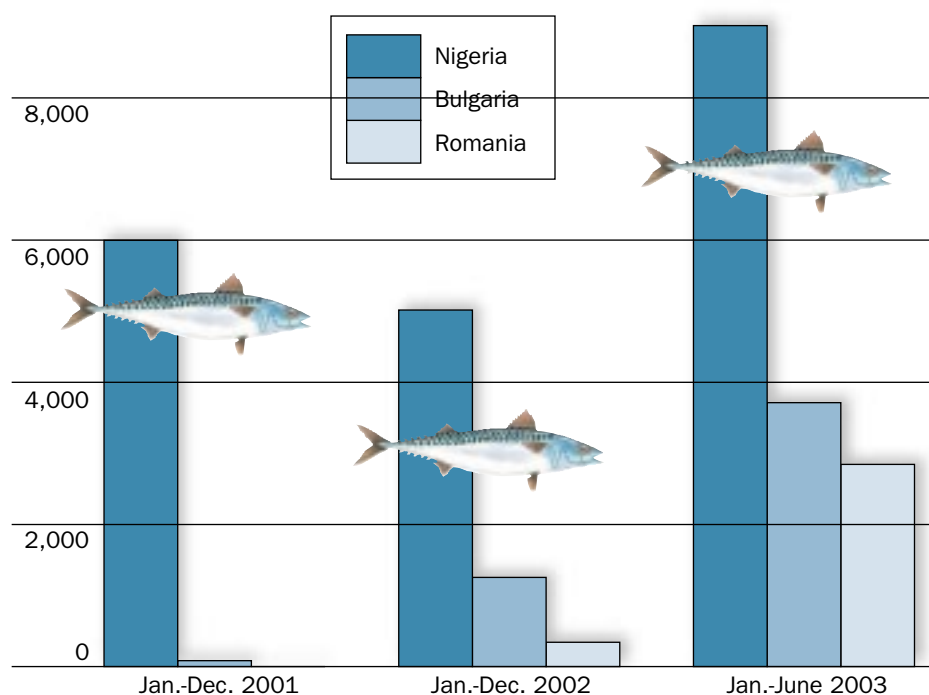
Processors of Atlantic mackerel are optimistic about the development of other East European markets as well, including Lithuania and Latvia, as a result of participating in recent marketing activities coordinated by the American Seafood Institute, a trade association in USDA's Market Access Program. Through participation in trade shows and trade missions, the companies have developed valuable buyer contacts and gained significant exposure for Atlantic mackerel from the United States.

Expectations of long-term sales growth have prompted new plant construction by some seafood processors in the Northeast. ■

Nigeria, Bulgaria and Romania Are Now the Top Export Growth Markets for U.S. Atlantic Mackerel

Metric tons

10,000



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For additional information, contact the **American Seafood Institute**, which promotes all U.S.-caught fish and shellfish, excluding Alaska and catfish products.

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TRADE SHOW OPPORTUNITY

AAHAR 2004

NEW DELHI, INDIA

The Show: **AAHAR 2004** is the premier food and beverage trade show in India. In 2003, more than 180 Indian and foreign exhibitors and about 50,000 visitors participated in **AAHAR**.

Location: Pragati Maidan Fair Grounds,
New Delhi, India

Dates: March 11-15, 2004

Deadline: January 2004

The Booth: A standard booth measures 12 square meters (3 meters x 4 meters) and includes a display board with your firm's name, a display counter with bar stools, floor covering, a round table with chairs, display shelves, two spotlights, one power point, a lockable cabinet and trash cans. Booth charge also includes regular cleaning, maintenance and around-the-clock security. The cost will be determined at a later date.

Support: The FAS Office of Agricultural Affairs, U.S. Embassy, New Delhi, will sponsor a U.S. Pavilion at **AAHAR 2004** and provide U.S. exhibitors with onsite support services during the show. The USDA Trade Show Office in Washington, DC, has endorsed **AAHAR 2004**. More information on booth costs and other items will follow at a later date. If you have any questions, please contact us.

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Trade Notes...

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USDA Launches New Trade Adjustment Assistance Program

USDA is accepting petitions from U.S. agricultural producers for assistance under the new TAA (Trade Adjustment Assistance for Farmers program) announced in August. Under the program, technical assistance and adjustment payments will be provided to U.S. agricultural, livestock and aquacultural producers, including qualified fishermen, if increased imports of competitive commodities have contributed importantly to a 20-percent or more price decline compared to the average price over five preceding marketing years. The Trade Act of 2002 established the Trade Adjustment Assistance for Farmers program and authorized appropriations to carry out the program not to exceed \$90 million a year for fiscal years 2003 through 2007. The program will be implemented based on a notice published in the Federal Register on the Web at: www.fas.usda.gov/info/fr/notices.html. For further information, contact a county or state Farm Service Agency office or the FAS Trade Adjustment Assistance Office, 1400 Independence Avenue SW, STOP 1021, U.S. Department of Agriculture, Washington, DC 20250-1021; Tel.: (202) 720-2916; E-mail: Trade.Adjustment@fas.usda.gov

Thailand Opens Import Market for Potatoes

In July, Thailand approved a TRQ (tariff-rate quota) allocation for processing potatoes, that means Thai processors may now import potatoes from the northern hemisphere. In 2003, Thailand approved out-of-quota import licenses for potatoes in the amount of 25,400 tons at a duty rate of 27 percent. This is a significant improvement over the original offer of a TRQ of 300 tons, at 27-percent duty, with the out-of-quota duty at 126.4 percent. In recent years, U.S. fresh potato (not including seed) exports to Thailand have dropped rapidly, from \$590,000 in 2000 to \$0 in 2002. The new TRQ allocation is expected to help boost U.S. potato exports to Thailand.

Cold Chain Seminar for Palestinians Held in Amman

In August, FAS in cooperation with the USAID (U.S. Agency for International Development) Mission in Amman initiated the first phase of a three-part program designed to help local agribusiness interests in the West Bank and Gaza areas of Palestine with perishable food supply chain issues. The seminar was designed to foster agribusiness capacity building in Palestine, where severe structural impediments currently hamper economic growth and stability. About 50 key Palestinian perishable food sector business leaders attended.

Wood Product Exports Forecast To Reach \$5 Billion in Fiscal 2004

U.S. wood product exports are forecast to reach \$5.0 billion in fiscal 2004, an increase of \$100 million over the 2003 estimate of \$4.9 billion. Exports to Canada, our largest market, are projected to grow as demand for hardwood lumber increases. Many Canadian wood processing manufacturers use U.S. hardwoods to make molding, doors and windows for the U.S. market. Exports to China are also projected to increase, primarily due to demand from China's growing furniture industry. Although hardwood exports to the European Union will likely recover in 2004, overall wood exports to this market are projected to decrease.



Also in This Issue:

- FAS marks 30 years of export sales reporting
- Italian mills spinning U.S. Pima cotton into yarn
- Egypt's cautiously hopeful market for U.S. foods

And Next Time, Turn to AgExporter for:

- Market development programs from a historical perspective
- Once-obscure Chinese cities offer new markets
- Spain's market for fish, Mexico's markets for planting seeds and candy, Greece's thirst for wines
- Trade show opportunities in several markets

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Washington, DC 20250-1000

